

24 FEB 1949

TOP SECRET

State Dept. declassification & release instructions on file

GENERAL

1. UK proposes compromise with French on Berlin currency--
According to US Ambassador Douglas in London, the British Foreign Office is proposing that the US and the UK inform French Foreign Minister Schuman as soon as possible that they will agree to a compromise plan on Berlin currency, calling for the issuance of western currency in Berlin independently of the banking system in the western zones. The British further suggest that the US and UK agree to delay the currency changeover until 20 March, thus conforming to the French desire that the Security Council be permitted to complete its action on the Berlin problem. The British pointed out to Douglas that they are making this proposal because they feel that a compromise to meet the French position is desirable in the interests of speedy action.

EUROPE

2. FRANCE: Implications of Communist leader's statement--
US Embassy Paris interprets Communist Leader Thorez' 22 February statement as added evidence that the Kremlin is demanding a return by the French Communists to a purer form of Leninist-Stalinist doctrine and tactics, including more aggressive class warfare. (Thorez reportedly suggested that if the Soviet Army were to invade France, the French people would take the same attitude as the people of Poland, Rumania, and Yugoslavia.) The Embassy further regards the statement as: (a) proof of Kremlin determination to thwart the consolidation of western Europe even at the risk of losing popular Communist support in France; and (b) a signal to Communist militants to accelerate sabotage of French efforts to strengthen national defense.

(CIA Comment: CIA agrees that Thorez' statement indicates a further tightening of Communist discipline and a reduction of the party to its "hard core." Moreover, even

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though Thorez' declaration will apparently be detrimental to Communist popularity in France, he may have made it at this time in an effort to convince prospective members of the Atlantic Pact that France would be unreliable in a defensive alliance. CIA does not believe that widespread strike action is probable in France in the immediate future.)

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